

Planning Commission Report

To: City Council

From: Planning Commission

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Date: August 29, 2007

DGA Number: L070097, 2007 Overlake Neighborhood Plan Update, and
L070372 Group Health Request for Amendment of Overlake
Design District

**Planning
Commission
Recommendation:** Approval.

**Recommended
Action:** Adopt Ordinance No. _____, amending the Redmond
Community Development Guide and Comprehensive Plan to
update the City's policies, regulations, and design standards for
the Overlake Neighborhood, including the Overlake Design
District.

The recommended amendments are in Attachment A.
Ordinances to be provided.

Summary: In the summer of 2005, staff began work on the Overlake
Neighborhood Plan (ONP) Update and Implementation Project.
The project has focused on refining and implementing the
neighborhood plan the City Council adopted in 1999. The
objectives for the neighborhood plan update and implementation
project are to:

- Account for change: A number of changes are underway in Overlake since 1999, including relocation of Group Health (discussed below) and Sound Transit's planning for extension of light rail transit through Overlake.
- Refine and clarify the vision: While the plan describes a broad vision for Overlake, refinements are needed to reflect recent and upcoming changes as well as to clarify goals for key elements such as parks, open space and transportation.
- Extend the planning horizon to 2030: In order to plan effectively for extension of light rail transit and other facility improvements, the land use and transportation planning horizon need to be extended to 2030.
- Identify actions to implement the vision and neighborhood plan: While development and investments since 1999 are carrying out much of the neighborhood plan vision, progress on the vision for Overlake Village has been much slower.

At the same time, Group Health, working with Trammell Crow Company, began work on its proposed amendment to the Overlake Design District in anticipation of Group Health's relocation in 2008 of both its inpatient and clinic facilities to other sites in Redmond and Bellevue. This work was coordinated with the ONP Update and Implementation Project and has tracked that process in an effort to support and supplement the goals of and proposed updates for the ONP.

The amendments clarify and enhance the policies and regulations that comprise the ONP and include land use; character and design; parks, recreation, open space and the arts; transportation; public facilities and services; and issues related to the three proposed subareas: Overlake Village, Employment Area, and Residential Area. The intent of existing neighborhood policies and regulations has been largely retained in the proposed update and new concepts are proposed to promote implementation of the existing neighborhood vision.

This project focused primarily on issues associated with the Overlake Village and Employment Area portions of the neighborhood and did not address those issues typically associated with single-family neighborhoods such as cottage development or single-family design standards. A separate planning process has been initiated to develop recommendations related to single-family residential issues; this process will proceed on a parallel track with the Viewpoint Neighborhood Planning process.

**Reasons the
Proposal should
be Adopted:**

The proposed amendments should be adopted because:

- They describe a coordinated approach to land use, transportation, parks and natural resources in the area and lay out a strategy to achieve the vision for Overlake.
- The updates clarify and enhance adopted policy and regulation concepts by simplifying or adding to them in ways that carry out the vision.
- The updates support a number of Comprehensive Plan goals including those related to community character, natural environment, land use, housing, economic vitality, transportation, parks and recreation, and utilities.
- Overlake has a significant residential capacity and these provisions will help encourage development of housing opportunities through a combination of incentives, requirements and investments.
- The updates contain a number of provisions to promote transit-supportive land uses near a planned Sound Transit light rail station in the Overlake Village portion of the neighborhood. These land uses would support the proposed extension of light rail across Lake Washington from Downtown Seattle to Overlake, and ultimately to Downtown Redmond.
- The Transportation Master Plan (TMP) identified studying transportation needs to support mixed use development in Overlake as a priority action. The transportation improvements identified in the proposed update will significantly improve the non-motorized environment, improve street grid, and aid in increasing multi-modal mobility.
- The proposed updates advance improved environmental quality and parks and open space in Overlake. A specific parks and open space system is identified for Overlake Village with trail linkages to parks and open space located within and near the neighborhood. Two regional stormwater management facilities are identified in the Overlake South Basin to improve the quality of surface water in this basin.
- The current planning horizon for the Overlake Neighborhood is coming to a close in 2012. The proposed updates extend the land use and transportation planning horizon out to 2030. These updates also serve as a first step towards updating the BROTS (Bel-Red/Overlake Transportation Study) Agreement with Bellevue which also expires in 2012.
- The Group Health amendment better guides future development on the site in a manner that is consistent with the vision and goals for Overlake and which would improve physical connections between the Employment Area and Overlake Village.

Recommended Findings of Fact

1. *Public Hearing and Notice.*

a. Public Hearing Date.

The City of Redmond Planning Commission held a public hearing on the proposed amendment on May 30, 2007 and continued the hearing on June 13 and June 20, 2007. Seventeen individuals gave testimony at the public hearings; written comments were received from 22 individuals and one jurisdiction.

b. Notice.

Notice of the public hearing was published in the Eastside edition of the Seattle Times. Public notices were posted in City Hall and at the Redmond Library, and mailed to Overlake study area and Grass Lawn property owners and tenants, businesses, other interested parties, as well as property owners and tenants within 500 feet of the Overlake study area boundary. Notice was also given by including the hearings in Planning Commission agendas and extended agendas mailed to various members of the public and various agencies. Additionally, hearing notification was posted on the City's web site and cable TV.

In response to concerns raised at the public hearing on May 30, 2007 regarding noticing to Viewpoint Neighborhood residents, City staff emailed the potential Viewpoint Citizens Advisory Committee members updating them on the process, informing them on ways to participate as part of the continued public hearing and subsequent Planning Commission study sessions, and encouraging them to share the information with their neighbors and other residents. In early August, staff mailed an update to all Viewpoint residents regarding the results of additional transportation analysis and the status of the City's review of the proposed amendments for Overlake.

2. *Public Comments.*

The Planning Commission heard comments on the proposed amendments from nineteen people during the public hearings and under Items from the Audience at study sessions. The primary topics addressed included allowed uses, concerns of Viewpoint Neighborhood residents, the Group Health amendment, and other issues.

The majority of the public testimony and written comment received addressed allowed uses in the current Retail Commercial (proposed Overlake Village) zone. A total of sixteen oral testimonies by eleven speakers were given to the Planning Commission and eighteen letters by fourteen authors were received. Those who spoke or wrote on this issue generally represented either owners of the PS Business Park property or owners or tenants of the KCC Limited Edition properties, both on

152nd Avenue NE. A majority of those who spoke or wrote on this issue requested that additional uses, such as advanced technology and other business park uses, be permitted in this zone.

A number of Viewpoint Neighborhood residents expressed concerns regarding potential traffic impacts generated by additional growth in Overlake, a lack of transportation analysis conducted in the Viewpoint Neighborhood, a lack of notification to Viewpoint residents of the Overlake Neighborhood Plan process, and the potential impact to view corridors of taller buildings. A total of three oral testimonies by two speakers were given to the Planning Commission and seven letters were received on this topic.

Four speakers addressed the Group Health proposed amendment during a number of Planning Commission meetings; each of these four was a Group Health representative. Letters from the Viewpoint residents included the request to analyze the potential view impact of increased building height as proposed in the Group Health amendment. Two other letters included references to the Group Health site specifically, including one comment to use the property for a park and community center and the other comment to emphasize the site more for high density, multi-story residential than commercial.

Other comments were received on a number of topics, including building height and hotel development. The City of Bellevue submitted a letter commenting on such items as phasing of growth and transportation modeling, and requested a view analysis be conducted and that action on the Phase 1 amendments to ONP be delayed until such time as more joint work can occur between the two cities.

A summary of the Planning Commission's major discussion issues can be found in Attachment B, which includes a more detailed description of public comments. Attachment C includes a copy of the public hearing minutes and written comments submitted to the City.

Recommended Conclusions

1. Key Issues Discussed by the Planning Commission

The Planning Commission agreed with the majority of the Technical Committee's recommendations on the ONP updates and the Group Health amendment to the Overlake Design District. The Planning Commission engaged in detailed discussions on issues brought out by the public, on issues highlighted by the Commission itself, and on some additional recommendations presented by staff during Planning Commission review. Attachment B includes a brief summary of the Planning Commission's major discussion issues and responses. Below are the key issues discussed by the Planning Commission.

a. Amount and Phasing of Development

The Commission considered proposed policy N-OV-9 related to the amount and phasing of future development allowed in Overlake. The policy calls for consideration of allowing up to 19.9 million square feet of commercial development capacity in Overlake through 2030 and phasing potential increases to the allowed commercial development capacity in the Employment Area over time by linking increases to such items as improvements in transportation facilities or service, increased residential development in the neighborhood and the adequacy of parks, emergency services and other services needed for a daytime population. This additional development capacity could only be allowed through an increase in the existing BROTS (Bel-Red/Overlake Transportation Study) cap on commercial development, which expires in 2012. Phase 2 of the Overlake Neighborhood Plan update will involve joint work with the City of Bellevue on updating the BROTS Agreement, efforts for which are currently underway.

The development capacity reflected in the policy is based on the Action Alternative evaluated in the Supplemental Environmental Impact Statement. The Action Alternative provides for the addition of approximately 5,800 dwellings and approximately 4.5 million square feet of new commercial space, a 29 percent increase above the existing BROTS cap on commercial development.

The Commission agreed upon the importance of linking increases in commercial development capacity in the Employment Area to triggers such as those described above. They agreed that stronger policy language regarding the linkage concept was needed and staff revised the policy to reflect this.

A majority of the Commission's discussion focused on the relationship between the capacity considered in this policy and adopted policies related to jobs-housing mix and adopted jobs/housing targets. Staff provided information showing that the projected jobs-housing balance in Overlake and Citywide would improve in the future under the proposed Action Alternative. The Commission was satisfied that the proposed policy would not be in conflict with the adopted jobs/housing targets' relationship.

b. Building Height and Floor Area

A number of amenities are critical to creating the vibrant mixed use/residential people place that is envisioned in Overlake Village. Both the City-initiated amendment and subsequent Group Health-initiated amendment propose allowing additional building height and floor area in Overlake Village as incentives for the provision of a number of desired neighborhood amenities, such as an urban park, other plazas and open spaces, underground parking, and sustainable development. The City-initiated proposal would allow a majority of sites within Overlake Village to achieve up to 8 stories and two "cornerstone" sites (Sears and PS Business Parks) to achieve up to 9 stories. Following on the City's proposal, the

Group Health-initiated proposal would allow up to 9 story commercial buildings and 12 story residential or hotel buildings.

The Commission supported allowing greater heights in Overlake Village through the proposed bonus incentive program. Among the reasons the Commission gave for its support are that increased height and density could provide greater support for light rail, that the topography of the Overlake area could help to reduce potential adverse impacts of taller buildings, that additional height could help with the provision of open space and tree conservation, and that the character of Overlake is still developing and different from other places in Redmond.

The Commission also supported the Group Health proposal for 12 story residential and hotel buildings and 9 story commercial buildings (not to exceed 126 feet in height) in the Overlake Design District (Group Health property). The Commission recommended allowing commercial buildings to build to 10 stories within the 126 feet height cap; the 10th floor would have to be earned through the bonus incentive program. They reasoned that this would encourage more use of the bonus incentive program and would encourage smaller building footprints, since it would not allow for additional floor area to be built but would allow for the permitted floor area to be accommodated in more floors.

A minority of the Commission initially expressed feelings of “cautiousness” regarding the proposal but found that the draft concept illustrations provided by Group Health representatives in response to Commission requests depicting views of the existing site and conceptual future development on site from various vantage points in Overlake addressed questions raised about how the development would look from sites around and near Overlake Village. These visuals showed that the site is not visible from a number of places in Overlake Village. From those places where the site is visible, the height of the conceptual future development was either very similar to the height of existing Microsoft buildings north of the site or appeared “incremental” above the height of the existing Village at Overlake Station development south of the site due to topography.

Among the reasons the Commission gave for its support are that the site is a unique location for such heights due its topography and proximity to existing and future transit service, that the allowance of taller buildings on this site will be important in helping to define a distinct character for Overlake, and that the City can benefit from allowing these heights through the incentive program in return for developer provision of neighborhood amenities, such as the urban park.

The Commission made a number of modifications to the request, including:

- Adding a maximum height in feet for all types of buildings (125 feet for residential, 126 feet for commercial, and 135 feet for hotel) with the acknowledgement that this is a departure from the approach taken in

Downtown and the rest of Overlake, but that it is an important regulation in this case in order to establish an upper limit for height;

- Requiring that a master plan include: a study of how height relates to open spaces, pathways, streets and other buildings; an analysis of the shading effects of taller buildings; and a phasing plan to show that completion of improvements for bonus features shall be commensurate with the progress on the construction of the development;
- Encouraging the use of environmentally sustainable materials, such as permeable pavement, where possible; and,
- Specifying that wind patterns should be considered when addressing tree retention.

The proposed amendment for the Group Health site would limit building heights to 6 stories within 50 feet of 152nd and 156th Avenues NE. Elsewhere within the Overlake Village sub-area, the Commission supported requiring buildings along 152nd Avenue NE to step-back floors 7 and higher in order to protect the street character created along that key corridor. In addition, the Commission supported adding a requirement that Master Plans completed for properties in Overlake Village include a light and shadow study if taller buildings are proposed on the sites. One Commissioner expressed a preference for encouraging wider streets near taller buildings so that there is a feeling of proportionality between building height and roadway width.

c. Allowed Uses

As described in the “Public Comments” section above, a number of individuals requested that Planning Commission review the allowed uses in the existing Retail Commercial (RC) zone (proposed Overlake Village, OV, zone) and specifically consider allowing additional uses, such as advanced technology and other business park uses, to be permitted.

Staff examined this issue and recommended a “three-pronged” approach. Overall, the recommendation is that the permitted uses be maintained as they support the vision of Overlake Village as evolving into a true, urban residential/mixed-use place. First, staff proposed to allow all existing, licensed businesses to remain in Overlake Village and to transition over time to conforming uses. Second, staff proposed to allow additional uses, such as advanced technology, as part of the proposed bonus incentive program. Finally, staff proposed to work with property owners and real estate brokers to help attract conforming uses to the area.

Commissioners supported the recommended staff approach to the requests, noting that advanced technology and the other requested uses are allowed in approximately 86 percent of the City’s commercially zoned land and that general and neighborhood commercial areas that accommodate retail and service

businesses serving the general public are limited in the City. They agreed that the City should make zoning decisions based on a long-term vision and community needs as a whole, not just on short-term market demand. They commented that allowing additional uses as part of the proposed bonus incentive program could help increase the economic viability of redevelopment projects and would be acceptable since redevelopment would help to meet many of the goals for Overlake Village including adding housing to the area. The Commissioners noted that there is currently an imbalance of high tech uses in Overlake and that the time to consider allowing more is when there is progress made on other adopted objectives for the area. They also noted with respect to the PS Business Parks request for expanded uses that the company was well aware of the adopted zoning and policies prior to the purchase of the former Yett property. With respect to the “first-prong” of the approach (to allow all licensed businesses to remain in Overlake Village), they commented that this allows for more flexibility and will help to enable the transition to the vision over time.

d. Allowing Higher FAR for Hotel Uses

The Commission considered a request by OTO Development to increase the allowed floor area ratio (FAR) for hotel uses in Overlake Village. OTO stated that the allowed commercial FAR of 0.36 is not feasible for hotel development and requested the Commission consider an FAR in the range of 1.25 to 1.5.

The Commission acknowledged that the commercial FAR in Downtown is higher than in Overlake and thus more feasible for hotel development. They supported allowing an FAR of 1.2 for hotel uses in the Overlake Village District, consistent with the FAR of existing hotels built in the City. The proposed bonus incentive program could be used to achieve a maximum hotel FAR of 1.35. On sites where both hotel and other commercial uses are developed, the combined FAR of the hotel and other commercial uses would not be permitted to surpass the maximum hotel FAR. The FAR of the non-hotel commercial uses would not be permitted to surpass 0.36 (or the maximum achieved through the bonus system for non-hotel commercial uses).

The Commission discussed whether there could be any unintended consequences that might result from this proposal, including the possibility that the higher hotel FAR might create the incentive for developers to build hotels in Overlake Village rather than other commercial uses, at the expense of the vision for the area. They noted that the residential goals of the neighborhood would not be compromised by this proposal due to the minimum residential housing requirement that would apply. The Commission also considered information provided by OTO Development on the Overlake hotel market and factors considered by hoteliers when developing sites and were satisfied that this proposal would not have an adverse impact on achieving the vision for the neighborhood.

The Commission considered a proposal by the Group Health representatives to allow for this proposal to apply to the Overlake Design District and did not

support that request. Among the reasons the Commission gave for their denial of the request are that they had already agreed that the maximum FAR of 1.0 (allowed through the bonus incentive system) would provide enough flexibility to create a very successful development with many uses and that there are a number of other differences between the Design District and Overlake Village zones thus not necessitating that this regulation be applied in both.

e. Light for Residential Buildings

In order to maintain light and views to residential dwellings in Overlake Village, staff recommended design criteria for buildings over 6 stories in height to address this issue. The recommended design criteria required that residential or mixed-use buildings include an opening such as a recessed façade or open air atrium of a width of at least one-third the width of the building. Further, staff recommended that enclosed courtyards not be permitted in buildings over 6 stories in height unless floors 7 and higher do not exceed 50 percent of the structure's floor plate or the courtyard's size and orientation maintains adequate light. The requirements were proposed in recognition that future development may include taller buildings and in an effort to encourage urban design that maintains adequate light for occupants of taller buildings.

The Commission agreed with the restrictions recommended for enclosed courtyards but did not support requiring an opening of a prescribed proportional width. The primary reason a majority of the Commission gave for not supporting the proposed regulation is that it is too prescriptive; one Commissioner supported the proposed regulation. The Commission supported revising the section to describe the intent of the regulation but to remove the specific requirements.

f. Parking Related to Transit Facilities

The Commission considered parking facilities related to light rail transit and how parking in Overlake could be managed over time. The proposed update includes policy support for developing a parking management program for Overlake, which could potentially include such future actions as implementing paid on-street parking, as well as for monitoring the need for a residential parking permit program should parking demand from the Employment Area cause negative spillover effects in the Residential Area. In addition, the update includes policy support for reducing parking standards near transit stations over time as new transit stations in the area become active. The update does not include consideration of new or increased park-and-ride facilities related to light rail transit in either Overlake Village or the Employment Area.

The Commissioners agreed that a park-and-ride facility would not be appropriate in Overlake Village on 152nd Avenue NE, agreeing with staff that it is better to have active land uses within the quarter-mile surrounding a transit station. They discussed what parking facilities might be appropriate at the NE 40th Street station if it were a temporary or permanent terminus for the East Link line. A majority of the Commissioners did not support additional parking at this location regardless

of its status as a terminus or through station. The Commissioners agreed that this is a larger policy issue that can better be addressed once the extent of the East Link line is more certain. One Commissioner commented that the terminus may not be temporary and expressed concern about limiting the amount of parking at this location.

The Commissioners discussed whether paid on-street parking is a necessary concept to include in the proposed policies. Some expressed initial hesitation regarding the topic but following further discussion agreed that it could help to manage supply and can be especially important on a retail street. Further, they reasoned that the plan is looking at the long-term and that consideration of paid parking would be at some time in the future. Some Commissioners expressed concern with monitoring or enforcement costs but noted that technology may reduce these costs in the future.

g. Timing of Action on Phase 1 Updates

The Commission considered the City of Bellevue's request to delay action on the Phase 1 amendments to the Overlake Neighborhood Plan. The Commission supported moving forward with action on the Phase 1 amendments, consistent with the timeline that was established for the project at its beginning.

Commissioners noted that the Phase 1 amendments:

- Maintain the City's commitment to the BROTS cap on commercial development;
- Do not contemplate more residential dwellings through 2030 under the Action Alternative than are allowed under current zoning; and,
- Do not increase commercial capacity in the Employment Area.

Further, they noted that the Phase 1 amendments set the framework for continued coordination with Bellevue through joint work on an updated BROTS Agreement and resulting Phase 2 amendments next year, Administration and staff efforts that as noted are already underway.

2. Recommended Conclusions of the Technical Committee.

The recommended conclusions in the Technical Committee Report (Attachment E and F) should be adopted as conclusions.

3. Planning Commission Recommendation.

The motion to recommend the Overlake Neighborhood Plan Update, including Group Health's proposed amendment for the Overlake Design District (as contained in Attachment A) was approved by unanimous vote. The Planning Commission's Report was reviewed by Planning Commissioners and approved at the August 29, 2007 meeting. The Planning Commission recognized Commissioner Hinman for his

excellent work in stewarding the Commission's review and discussion of the issues related to this amendment packet.

List of Attachments

Attachment A: Planning Commission's Recommended Overlake Neighborhood Plan Update (Policies, Regulations and Design Standards), and Group Health proposed amendment to Overlake Design District; Overlake Master Plan and Implementation Strategy; Neighborhood Map (Map NP-1) revision

Attachment B: Planning Commission's Issues Matrix

Attachment C: Public Comments and Public Hearing Minutes

Attachment D: Additional Staff Memos/analysis provided during study sessions (available from the Planning Department as needed)

Attachment E: Overlake Neighborhood Plan Technical Committee Report: The Technical Committee Report has several exhibits of its own. These include:

- (A) Proposed Amendment Redmond's Comprehensive Plan and Redmond Community Development Guide, proposed Overlake Master Plan and Implementation Strategy
- (B) Draft Supplemental Environmental Impact Statement (SEIS)
- (C) Overlake Study Area Map
- (D) Overlake Urban Center Map
- (E) November 2006 and March 2007 Survey Responses, and Summary of Focus Group Meetings
- (F) Report on Existing Conditions and Opportunities and Challenges to Redevelopment (available from the Planning Department as needed)
- (G) Existing Conditions Supplement
- (H) Correspondence Related to PS Business Parks Property
- (I) Overlake Urban Center Concept Plan (available from the Planning Department as needed)

Attachment F: Group Health Amendment Technical Committee Report: The Technical Committee Report has an exhibit of its own:
(A) Group Health Requested Amendment with Staff Proposed Revisions

_____/s/
Robert G. Odle, Planning Director

8/29/07
Date

_____/s/
Susan H. Petitpas, Planning Commission Chairperson

8/29/07
Date

Approved for Council Agenda _____/s/
Rosemarie Ives, Mayor

9/4/07
Date

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